DA TOLL ROAD PVT LTD

FINANCIAL STATEMENTS

for the year ended March 31, 2018

T R Chadha & Co LLP
Chartered Accountants
502, Marathon Icon,
Off. Ganpatrao Kadam Marg
Opp. Peninsula Corporate Park
Lower Parel, Mumbai – 400 013
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DA TOLL ROAD PRIVATE LIMITED

Report on the IndAS Financial Statements

We have audited the accompanying IndAS financial statements of **DA TOLL ROAD PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and Statement of Change in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "IndAS financial statements).

Management's Responsibility for the IndAS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IndAS financial statements that give a true and fair view of the state of the affairs, profit, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (IndAS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IndAS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this IndAS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the act and the rules made thereunder.

We conducted our audit of the IndAS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the IndAS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IndAS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

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Company's preparation of the IndAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the IndAS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IndAS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IndAS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IndAS, of the state of affairs of the Company as at March 31, 2018, and its loss, its cash flows and the change in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of change in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid IndAS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

(e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by Companies (Audit and Auditors)

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Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Pramod Tilwani
(Partner)
Membership No. 76650

Date: 21.04.2018
Place: Mumbai

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ANNEXURE-A

DA Toll Road Private Limited
Annexure to Independent Auditors' Report for the period ended March 2018
(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

(i) Fixed Assets

a) The Company is maintaining proper records showing full particulars including quantitative details and situtation of its fixed assets.

b) As explanation and information given to us, the fixed assets have been physically verified by the management in phased manner, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.

c) Title deeds of immovable assets held in the name the company.

(ii) Inventories

There were no inventory lying as on 31.03.2018, accordingly, the provisions of clause (ii) of the Order is not applicable to the company.

(iii) Loans given

The Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

(iv) Compliance of Sec. 185 & 186

The Company has not entered into any transaction in respect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013, therefore, paragraph 3 (iv) of the order is not applicable to the company.

(v) Public Deposit

During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable.

(vi) Cost Records

The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained.

(vii) Statutory Dues

a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employees State insurance, income-tax, Sales-Tax, Wealth Tax, Service tax, value added tax, cess and Entertainment Tax etc. except in some cases in deposition of TDS & Service Tax liability during the year. There are no undisputed dues payable, outstanding as on 31st March, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

(viii) Company has not defualted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instrument) any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) As the company is a private limited company, therefore, paragraph 3 (xi) of the order with regards to payment of managerial remuneration is not applicable to the company.

(xii) As explained, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.

(xiii) As the the company is a private limited company it is not required to constitute audit committee hence section 177 of Companies Act, 2013 is not applicable to the Company. The Company has complied with the provision of section 188 and the details have been disclosed in the financial statement as required by the applicable accouting standards.

(xiv) Company has not made preferential allotment or privete placement of shares or fully or partially convertible debenture during the year under review. Therefore, clause (xiv) of the order is not applicable to the company.

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(xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.

(xvi) As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 76650

Date: 21.04.2018
Place: Mumbai

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ANNEXURE-B

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DA TOLL ROAD PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DA Toll Road Private Limited ("the Company") as of 31 March, 2018 in conjunction with our audit of the IndAS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N/N500028

Pramod Tilwani
(Partner)
Membership No. 76650

Date: 21.04.2018
Place: Mumbai

DA Toll Road Private Limited
Balance Sheet as at March 31, 2018

₹ Millions

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
(a) Intangible assets	4	16,752.12	17,538.41
(b) Intangible assets under development	4	5,901.46	1,596.19
(d) Deferred tax assets (net)	27(C)	199.25	230.33
(e) Other non - current assets	6	-	222.45
Current assets			
(a) Financial Assets			
(i) Investments	5a	954.09	-
(ii) Cash and cash equivalents	5b	149.56	440.16
(iii) Other financial asset	5c	366.04	1,167.83
(b) Current Tax Assets (Net)		29.53	24.75
(c) Other current assets	7	121.96	120.55
Total Assets		**24,474.01**	**21,340.67**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	8	90.18	90.18
(b) Subordinated debt (in nature of Equity)	9a	4,449.10	4,449.10
(c) Other equity	9	3,781.20	3,789.39
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10a	15,109.24	11,370.16
(ii) Other financial liabilities	12b	195.74	135.94
(b) Provisions	13b	19.33	12.93
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	10b	154.40	154.40
(ii) Trade payables	11	41.57	757.51
(iii) Other financial liabilities	12a	630.62	578.10
(b) Other current liabilities	14	0.66	2.57
(c) Provisions	13a	1.97	0.39
Total Equity and Liabilities		**24,474.01**	**21,340.67**

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. : 76650

Date: 21/04/2018
Place: Mumbai

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
Company Secretary

Date: 21/04/2018
Place: Mumbai

DA Toll Road Pvt Ltd
Statement of Profit and Loss for the year ended March 31, 2018

₹ Millions

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	15	6,156.35	8,337.26
Other Income	16	199.17	90.71
Total Income		6,355.52	8,427.97
Expenses			
Toll Operation and Maintainence expenses	17	410.51	838.24
Construction cost		3,906.65	6,494.66
Employee benefits expense	18	73.19	71.43
Finance costs	19	1,082.44	494.11
Depreciation and amortization expense	4	786.29	391.88
Other expenses	20	70.71	90.95
Total expenses		6,329.79	8,381.27
Profit /(Loss) before tax		**25.73**	**46.70**
Tax expense			
Current tax		1.00	13.60
Deferred tax charge/(credit)		31.72	(94.20)
Profit/(Loss) after Tax		**(6.99)**	**127.30**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans : Gains / (Loss)		(1.84)	(2.37)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans		(0.64)	(0.82)
Other Comprehensive Income		**(1.20)**	**(1.55)**
Total Comprehensive Income		**(8.19)**	**125.75**
Earnings per equity share of Rs. 10 each			
Basic & Diluted	33	(0.78)	14.12

The accompanying summary of significant accounting policies and other explanatory informtaion (notes) are an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. : 76650

Date: 21/04/2018
Place: Mumbai

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
tary

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Place: Mumbai

DA Toll Road Pvt Ltd
Cash flow Statement for the year ended March 31, 2018

₹ Millions

	Year ended March 31, 2018	Year ended March 31, 2017
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax	**25.73**	**46.70**
Adjustments for:		
Depreciation and amortisation expenses	786.29	391.88
Interest income	(159.79)	(90.67)
Net (gain)/loss on sale of investments	(39.32)	-
Interest expense	1,059.14	350.97
Mark-to-market (gain)/loss on derivative financial instruments	23.30	143.14
	1,695.34	**842.02**
Cash Generated from Operations before working capital changes		
Adjustments for:		
(Increase)/decrease in financial assets except for investments	952.78	(391.07)
(Increase)/decrease in other current assets	(1.41)	(13.53)
Increase/(decrease) in trade payables	(715.94)	679.40
Increase/(decrease) in other financial liabilities	23.31	130.32
Increase/(decrease) in provisions	6.15	2.75
Increase/(decrease) in other current liabilities	(1.91)	(10.42)
	262.99	**397.44**
Cash generated from operations	**1,958.33**	**1,239.46**
Taxes (paid) net of refunds	(5.78)	(24.14)
Net cash generated from operating activities - [A]	**1,952.55**	**1,215.31**
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/sale proceeds of intangible assets (including intangible assest under development)	(3,902.11)	(7,922.45)
Purchase of current investments (net of proceeds)	(914.77)	-
Interest received	8.80	5.98
Net cash (used in) / generated from investing activities - [B]	(4,808.08)	(7,916.47)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Sub-debt	-	1,572.55
Proceeds from inter-corporate deposits (short term borrowings)	-	39.90
Proceeds from long term borrowings	3,872.00	6,380.34
Repayment of long term borrowings	(16.47)	-
Interest paid	(1,290.60)	(866.71)
Net cash used in financing activities - [C]	2,564.92	7,126.08
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	(290.60)	424.92
Add: Cash and cash equivalents at the beginning of the year	440.16	15.24
Cash and cash equivalents at the end of the year	149.56	440.16
Components of Cash and cash equivalents		
Balances with banks - in Current accounts	141.49	147.64
Deposits with maturity of less than three months	-	280.00
Cash on hand	8.07	12.52
Total Cash and cash equivalents	149.56	440.16

* Balance in current account with banks of ₹ 141.49 Million (₹ 147.63 Million) lying in escrow account held as security against borrowings.

This is the Cash Flow Statement referred to in our report of even date.

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. : 76650

Date: 21/04/2018
Place: Mumbai

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
Company Secretary

Date: 21/04/2018
Place: Mumbai

DA Toll Road Pvt Ltd
Statement of Changes in Equity as at March 31, 2018

Note 8 - EQUITY SHARE CAPITAL

₹ Millions

	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended 31st March, 2017	90.18	-	90.18
For the year ended 31st March, 2018	90.18	-	90.18

Note No. 9 - OTHER EQUITY

₹ Millions

	Equity Component of compoud financial instruments (Note 9b)	Reserves and Surplus		Total
		Securities Premium Account (Note 9c)	Retained Earnings (Note 9d)	
Balance as at April 01, 2016	**1.20**	**810.72**	**2,851.72**	**3,663.54**
Profit/(Loss) for the year			127.30	**127.30**
Other comprehensive income for the year			(1.55)	**(1.55)**
Total comprehensive income for the year	**-**	**-**	**125.75**	**125.75**
Balance as at 31st March 2017	**1.20**	**810.72**	**2,977.47**	**3,789.39**
Balance as at April 01, 2017	**1.20**	**810.72**	**2,977.47**	**3,789.39**
Profit/(Loss) for the year			(6.99)	**(6.99)**
Other comprehensive income for the year			(1.20)	**(1.20)**
Total comprehensive income for the year	**-**	**-**	**(8.19)**	**(8.19)**
Balance as at 31st March 2018	**1.20**	**810.72**	**2,969.28**	**3,781.20**

This is statement of change of equity referred to in our report of even date.

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. : 76650

Date: 21/04/2018
Place: Mumbai

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
Company Secretary

Date: 21/04/2018
Place: Mumbai

Note 1: Corporate information

DA Toll Road Private Limited (the " Company") has been awarded to carry on the business of design, engineer, procure, construct, fabricate, build, improve, strengthen, operate, maintain and provide infrastructural facilities of all types including roads, bridges, culverts, over bridges, underpasses, flyovers, toll plaza, traffic management systems and equipment, buildings and other infrastructures and collect toll, fees, or charges, carry out surveys, investigations, polls and regulate traffic in connection with the project to be taken up by the Company on Design, Build, Operate and Transfer (DBFOT) basis under the Concession Agreement dated July 26, 2010 with National Highways Authority of India. The Concession Agreement is for a period of 26 years from appointed date for Design, Engineering, Construction, Operation and Maintenance for Six laning of Delhi to Agra section of National Highway – 2 (km 20.50 to km 200.00) in the state of Haryana/Uttar Pradesh or otherwise.

Note 2: Basis of preparation

These Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III of the Act, applicable Ind AS, other applicable pronouncements and regulations.

These Financial Statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value. For the purpose of preparation of these Financial Statements, the transition date to Ind AS is considered as April 1, 2015.

These Financial Statements are presented in ₹ Millions, except where otherwise indicated.

Accounting standards issued but not yet effective

Ind AS 115 'Revenue from contracts with customers' have been published by Ministry of Corporate Affairs (MCA) but are not yet effective. Ind AS 115 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. Ind AS 115 supersedes other revenue standards i.e. Ind AS 11 and Ind AS 18 notified by Ministry of Corporate Affairs (MCA). Management has undertaken an assessment of the impact of this standard and does not believe that the impact would be material.

Note 3: Summary of Significant accounting policies

3.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3.2 Foreign currencies

Functional and presentation currency
Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss with an exception of the following:-

Under Ind AS 21 exchange differences arising on the translation/settlement of non-monetary item should be treated as income or loss in Statement of Profit and Loss. However, Ind AS 101 gives an exemption for existing long term foreign currency non-monetary items wherein the Company can continue the policy adopted for treatment of exchange differences arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for items recognized on or before March 31, 2015.

For any new long term foreign currency non-monetary item recognized from or after first Ind AS financial reporting period, deferral/amortization of exchange difference will not be allowed, rather the Company will apply Ind AS 21 for recognition of gains and losses.

3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring and non – recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortised cost (note 21) and Quantitative disclosures of fair value measurement hierarchy (note 22).

3.4 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Company's activities, as described below.

Toll revenue

The income from toll revenue from operations of the facility is accounted on receipt basis.

Contract revenue (construction contracts)

Contract revenue associated with the construction of road is recognized as revenue by reference to the stage of completion of the projects at the balance sheet date. The stage of completion of project is determined by the proportion that contract cost incurred for work performed up to the balance sheet date bears to the estimated total contract costs.

Contract cost includes costs that relate directly to the specific contract and allocated costs that are attributable to the construction of the toll roads. Cost that cannot be attributed to the contract activity such as general administration costs are expensed as incurred and classified as other operating expenses.

Others

Insurance and other claims are recognized as revenue on certainty of receipt basis.

Income on investment is recognized based on the terms of the investment. Income from mutual fund scheme having fixed maturity plans is accounted on declaration of dividend or on maturity of such investments. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

3.5 **Accounting of intangible assets under service concession arrangement**

The Company has Toll Road Concession rights where it Designs, Builds, Finances, Operates and Transfers (DBFOT) infrastructure used to provide public service for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (a license) to charge users of the public service. The financial asset model is used when the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

Intangible assets model
Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the Company has a contractual right to charge users of service when the projects are completed. Apart from above per the service concession agreement the Company is obligated to pay the amount of premium to National Highways Authority of India (NHAI). This premium obligation has been treated as Intangible asset given it is paid towards getting the right to earn revenue by constructing and operating the roads during the concession period.

Hence, the total premium payable to the Grantor as per the Service Concession Agreement is also recognized as an 'Intangible Assets' and the corresponding obligation for committed premium is recognized as premium obligation.

The intangible assets is measured at the fair value of consideration transferred to acquire asset, which is the fair value of consideration received or receivable for the construction services delivered.

Amortization of concession intangible assets
The Intangible asset recognized are amortised over the concession period on time proportion basis on Straight Line method over the period of the concession.

Financial assets model
The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of amount specified or determined in the contract or the shortfall, if any, between amounts received from users of public service and amounts specified or determined in the Contract.

Financial Assets resulting from application of Appendix A and Appendix B of Ind AS 11 are recorded in the Balance Sheet under the heading "Other Financial Assets" and recognized at amortised cost.

However in case of certain arrangements, the contract may include a payment commitment on the part of the concession grantor covering only part of investment, with the balance to be recovered from by charging users of service . In such arrangements the investment amount guaranteed by the concession grantor is recognized under the financial asset model and the residual balance is recognized under the Intangible asset model.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

Maintenance obligations

Contractual obligations to maintain, replace or restore the infrastructure (principally resurfacing costs and major repairs and unscheduled maintenance which are required to maintain the Infrastructure asset in operational condition except for any enhancement element) are recognized and measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date for which next resurfacing would be required as per the concession arrangement. The provision is discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.6 **Taxes**

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8 Leases

Operating lease payments are recognized as an operating expense in the income statement on a straight line basis over the lease term.

3.9 Premium Deferment

Premium Deferral (i.e. premium payable less paid after adjusting premium deferment) is aggregated under premium deferred obligation in the balance sheet. The interest payable on the above is aggregated under deferred premium obligation. Interest on premium deferral is charged to the Statement of Profit and Loss.

3.10 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised in the books of accounts but its existence is disclosed in the Financial Statements.

3.11 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.12 **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.13 **Employee benefits**

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Leave obligations

The Company provides sick leave and privilege leave to its employees.

Privilege and sick leave obligation is provided based on actuarial valuation which takes into account the estimated portion of leave that will be en-cashed, availed and the portion that will lapse. The portion that is expected to be en-cashed is provided for based on the basic salary of the employee and for the portion that is expected to be availed, the valuations are based on the employees' total compensation. The liability for earned leave is also classified as current where it is expected to be availed/ en-cashed during the next 12 months. The remaining portion is classified as non-current. The amounts of current and non-current liability are based on actuarial estimates.

(iii) Post - employment obligations

The Company operates various post-employment schemes, including
(a) defined benefit plans such as gratuity
(b) defined contribution plans such as provident fund.

Gratuity Obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.14 **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 **Derivatives**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

3.16 **Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, net of directly attributable transaction cost to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in following categories;

- at amortised cost
- at fair value through profit or loss (FVTPL)
- at fair value through other comprehensive income (FVTOCI)

Financial Assets at amortised cost

Financial assets are measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. All the Loans and other receivables under financial assets (except Investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to loans and other receivables.

Financial Assets at Fair Value through Statement of Profit and Loss/Other Comprehensive Income

All investments in scope of Ind AS 109 are measured at fair value. The Company has investment in mutual funds which are held for trading, are classified as at FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income (OCI) to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of the Company's similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has three types of financial assets subject to Ind AS 109's expected credit loss model:

- Loans receivables measured at amortised cost
- Retentions receivable, grant receivable from NHAI
- Loans given to employees

The impairment methodology for each class of financial assets stated above is as follows:

Loans receivables measured at amortised cost: Loans receivables at amortised cost are generally short term in nature considered to be low risk, and thus the impairment provision is determined as 12 months expected credit losses.
Loans given to employees: For loans given to employees outstanding as on the reporting dates, the has determined reliably that assessing the probability of default at the initial recognition of each and every loan or receivable would result in undue cost and effort. As permitted by Ind AS 109, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognized. Using the impairment methodology the Company has assessed that no loan loss allowance needs to be recorded in the books of accounts.

Expected credit loss ('ECL') impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortized cost and other contractual revenue receivables - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, trade payables or other payables.

All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. However, the Company has borrowings at floating rates. The impact of restatement of effective interest rate, year on year due to reset of interest rate, is not material. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the transaction cost amortization process.

Retention money payable

This is the category most relevant to the Company. Retention moneys are measured at Fair value initially. Subsequently, they are measured at amortised cost using the EIR (Effective interest rate) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the. terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments –principal only swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

3.18 **Segment information .**

The Company is engaged in "Road Infrastructure Project" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Company's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

3.19 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below.

(i) Applicability of service concession arrangement accounting to toll roads concessionaire arrangements

The Company has determined that Appendix A of Ind AS 11 'Service concession arrangements' is applicable to the Company which provides on accounting by the operators for public-to-private service concession arrangements. The Company has entered into concession arrangement with NHAI as per which the Company would participate in the Design, Build, Finance, Operate and Transfer (DBFOT) basis the toll roads infrastructure. After the end of the concession arrangement, the Company has to transfer the infrastructure i.e. toll roads constructed to National Highway Authorities of India (NHAI).

Accordingly the Company has recognized the intangible assets recognized as per the accounting policy mentioned in Note no 3.5 'Accounting of intangible assets under service concessionaire arrangement'.

(ii) Income taxes

The Company has recognized deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilized. However, the utilization of tax losses also depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. Management has forecasted future taxable profits and has therefore recognized deferred tax assets in relation to tax losses.

(iii)Amortization of concession intangible assets

The Intangible asset recognized are amortised over the concession period on time proportion basis on Straight Line method over the period of the concession.

(iv) Impairment of concession intangible assets

The Company tests intangible assets and cash generating units have suffered any impairment, in accordance with the accounting policy stated in note 3.11. The recoverable amount of each cash generating unit has been determined based on the greater of value-in-use and fair value less costs to sell calculations. These calculations require the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities of the cash generating units.

(v) Fair valuation of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgments to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

(vi) Provision for resurfacing obligation (major maintenance expenditure)

The Company records the resurfacing obligation for its present obligation as per the concession arrangement to maintain the toll roads at every five years during the concession period. The provision is included in the Financial Statements at the present value of the expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing of expenditure occurring on the roads.

The discount rate used to value the resurfacing provision at its present value is determined through reference to the nature of provision and risk associated with the expenditure.

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 4 - Intangible assets (including intangible assets under development) ₹ Millions

Particulars	Toll Collection rights	Intangible assets under development
Year ended March 2017		
Opening gross carrying amount	-	12,777.87
Additions	17,930.29	6,748.61
Disposals	-	17,930.29
Closing gross carrying amount	17,930.29	1,596.19
Accumulated depreciation and impairment		
Opening accumulated depreciation and impairment	-	
Depreciation charge for the year	391.88	
Disposals	-	
Closing accumulated depreciation and impairment	391.88	-
Net carrying amount	**17,538.41**	**1,596.19**
As at 31st March, 2018		
Opening gross carrying amount	17,930.29	1,596.19
Additions	-	4,305.27
Disposals	-	-
Closing gross carrying amount	17,930.29	5,901.46
Accumulated depreciation and impairment		
Opening accumulated depreciation and impairment	391.88	-
Depreciation charge for the year	786.29	-
Disposals	-	-
Closing accumulated depreciation and impairment	1,178.17	-
Net carrying amount	**16,752.12**	**5,901.46**

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 5 - Financial Assets - Current ₹ Millions

Note 5 (a) - Investments -

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investment in mutual funds (on Market Value)		
Quoted		
SBI Ultra Short Term Debt Fund - Growth Plan Mar 31, 2018 : (423692.176 Units) @ 2251.847 per unit	954.09	-
	954.09	-
Agrgregate amount of quoted investments and market value	954.09	-

Note 5 (b) - Cash and Cash equivalents

Cash and cash equivalents		
Balances with banks		
- in current accounts	141.49	147.64
Deposits with maturity of less than three months	-	280.00
Cash on hand	8.07	12.52
	149.56	**440.16**

Note 5 (c) - Other financial assets - current

Grant receivable from NHAI	349.11	1,134.44
Security deposits	1.93	0.08
Interest accrued on fixed deposits	-	1.54
Others	8.50	25.27
Claims receivable from NHAI	6.50	6.50
	366.04	**1,167.83**

Movement on Grant receivable from NHAI

As at beginning of the year	1,134.44	664.37
Accrued Interest	150.99	84.69
Repayment of Grant	1,196.78	-
Grant accounted for during the year	260.45	385.37
As at end of the year	349.11	1,134.44

Note 6 - Other non-current assets

Capital Advance	-	222.45
	-	**222.45**

Note 7 - Other Current assets

Advance to vendors	12.28	26.56
Advance to employees	3.26	3.30
Prepaid Expenses	12.43	15.15
Duties and taxes receivable	93.99	75.54
	121.96	**120.55**

Note 8 - Share Capital and Other equity

Note 8a - Authorised Share Capital

₹ Millions

Particulars	Nos of Shares	As at 31st March, 2018	As at 31st March, 2017
At the beginning of the year	10,000,000	100.00	100.00
Add : Increase during the year	-	-	-
At the end of the year	10,000,000	100.00	100.00

Note 8b - Issued, subscribed and paid-up equity share capital

Particulars	Nos of Shares	As at 31st March, 2018	As at 31st March, 2017
At the beginning of the year	9,018,000	90.18	90.18
Add : Increase during the year	-	-	-
At the end of the year	9,018,000	90.18	90.18

Note 8c - Terms and rights attached to equity shares

The Company has only one class of shares referred to as Equity Shares having a Par Value of Rs.10/-.

Note 8d - Reconciliation of nos of Shares

Particulars	As at 31st March, 2018	As at 31st March, 2017
Nos of Shares at the beginning of the year	9,018,000	9,018,000
Add : Nos of Shares issued during the year	-	-
Nos of Shares at the end of the year	9,018,000	9,018,000

Note 8e - Shares held by the Sponsor Company or their subsidiaries/associates

Reliance Infrastructure Limited (Immediate and Ultimate Holding Company)	9,018,000	9,018,000

Note 8f - Details of Shareholders holding more than 5% shares

Reliance Infrastructure Limited		
Nos of Shares	9,018,000	9,018,000
% of holding	100%	100%

The Holding company has pledged 45,99,180 Equity Shares for availing various term loans.

Note 9a - Sub-ordinated debt (in nature of equity)

Particulars	As at 31st March, 2018	As at 31st March, 2017
At the beginning of the year	4,449.10	2,876.55
Increase / (decrease) during the year	-	1,572.55
At the end of the year	4,449.10	4,449.10

Terms and rights attached to Sub-ordinated debts infused by holding company alongwith its Subsidiaries
i) Subordinated debt is the part of Equity from the promoters of the Company, which is unsecured and interest free as per Common Loan agreement with the lenders;

ii) No repayment/redemption/interest servicing allowed during the moratorium period of the long term project loan.

Note 9b - Corporate Guarantee (in nature of equity)

At the beginning of the year	1.20	1.20
Increase / (decrease) during the year	-	-
At the end of the year	1.20	1.20

₹ Millions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Note 9c - Retained Earnings		
At the beginning of the year	2,977.47	2,851.72
Net Profit/ (Loss) for the year	(6.99)	127.30
Items of other comprehensive income recognised directly in retained earnings		
- Remeasuremens of post-employements obligations (net of tax)	(1.20)	(1.55)
At the end of the year	2,969.28	2,977.47
Note 9d - Securities Premium Account		
At the beginning of the year	810.72	810.72
Premium on shares issued during the year	-	-
At the end of the year	810.72	810.72

Nature and purpose of securities premium
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the act.

DA Toll Road Private Limited

Notes to Financial Statements as of and for the year ended March 31, 2018

Note 10 (a) - Borrowings - Non current

₹ Millions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Term loans		
From banks		
Rupee term loan	8,243.40	5,447.77
Foreign currency loan	3,004.39	3,226.29
From financial institutions		
Rupee term loan	3,861.45	2,696.10
Total	**15,109.24**	**11,370.16**

Rupee Term Loan and External Commercial Borrowings (ECB) from Banks & Financial Institutions :

The Borrowings are secured by the way of terms stated in Common Loan Agreement entered between the company and Consortium of lenders:-

(i) a first ranking pari passu mortgage/charge over all the Borrower's immoveable and movable properties, both present and future, except the Project Assets ;

(ii) a first ranking pari passu charge on all the Borrower's bank accounts including, but not limited to the Escrow Account/ its Sub-Accounts where all revenues, Disbursements, receivables shall be deposited and in all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the Escrow Account.

(iii) a first ranking pari passu charge on all movable tangible and intangible assets of the Borrower (other than those specified in paragraphs (ii) above and (iv) below) including but not limited to its goodwill, undertaking and uncalled capital, both present and future, except the Project Assets.;

(iv) a first ranking pari passu charge over / assignment of the right, title, interests, benefits, claims and demands of the Borrower in, to and under any letter of credit, guarantees (except the guarantees issued in favour of NHAI) including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents.

(v) Repayment Terms :-

a) Repayment of the Rupee Loan shall be in 46 (Forty Six) quarterly structured instalments starting from 31/12/2018

b) Repayment of the ECB from Intesa & SBI Mauritius started from 31st March 2018 in 26 quarterly structured instalments.

(vi) the applicable interest rate for Rupee Term Loan varies from 11.50% to 13.50% p.a. and for ECB from Intesa and SBI Mauritius is 3 month Libor + 4.44%/ 4.62%

(vii) the Company has pledged 45,99,180 equity shares with the consortuim lenders for availing various loans.

(viii) Maturity Profile of Secured loan from others (Principal undiscounted) is as under:

₹ Millions

Particulars	Rupee Loan		ECB
	From Banks	From FI	
FY 2018-19	106.00	50.00	97.76
FY 2019-20	212.00	100.00	228.11
FY 2020-21	212.00	100.00	374.76
FY 2021-22	212.00	100.00	562.13
FY 2022-23	265.00	125.00	725.07
FY 2023-24 onwards	7,383.40	3455.30	1,254.62
Total	**8,390.40**	**3,930.30**	**3,242.45**

DA Toll Road Private Limited

Notes to Financial Statements as of and for the year ended March 31, 2018

Note 10 (b) - Borrowings - Current

₹ Millions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured		
Loan from Holding Company	154.40	154.40
	154.40	**154.40**

Note 11 - Trade Payables

	As at 31st March, 2018	As at 31st March, 2017
Due to Micro and Small Enterprises	-	-
Due to other than Micro and Small Enterprises	41.57	757.51
	41.57	**757.51**

Dues to Micro and Small Enterprises

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts/interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

Note 12 (a) - Other financial liabilities - current

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Maturities of long term debt	253.76	94.21
Interest Accrued	3.28	1.51
Creditors for Capital expenditure	358.46	467.29
Employee benfits payable	15.12	15.09
Total	**630.62**	**578.10**

Note 12 (b) - Other financial liabilities - Non - current

Non - Current		
Retention money payable	39.76	3.25
Derivative liability (Mark to Market) on derivative instruments	155.98	132.69
Total	**195.74**	**135.94**

Note 13 (a) - Provisions - Current

Current		
Provision for employee benefits		
- Gratuity	-	-
- Leave encashment	1.97	0.39
	1.97	**0.39**

Note 13 (b) - Provisions - Non - Current

Provision for employee benefits		
- Gratuity	6.19	3.31
- Leave encashment	13.14	9.62
	19.33	**12.93**

Note 14 - Other current liabilities

Duties and taxes payable.	0.66	2.57
	0.66	**2.57**

₹ Millions

	Year ended March 31, 2018	Year ended March 31, 2017
Note 15 - Revenue		
Operating income		
- Construction income	3,984.78	6,624.56
- Income from toll collections	2,171.56	1,645.45
Compensation towards toll suspension	-	67.25
	6,156.35	8,337.26
Note 16 - Other income		
Profit/Loss on redemption of mutual fund	39.32	-
Interest income		
- On financial assets carried at amortised cost	150.99	84.69
- On fixed deposits	8.80	5.98
Miscellaneous income	0.06	0.04
	199.17	90.71
Note 17 - Toll Operation and Maintainence expenses		
Subcontracting expenses	122.98	89.28
Maintainence of Roads	208.94	677.22
Electricity expenses	7.51	6.13
Handling Charges	3.24	2.76
Site and other direct expenses	67.85	62.85
	410.51	838.24
Note 18 - Employee benefits expenses		
Salaries wages and bonus	59.41	61.22
Contribution to provident funds and other funds	3.44	3.62
Gratuity	2.11	1.58
Leave encashment	6.86	3.85
Staff welfare expenses	1.38	1.16
	73.19	71.43
Note 19 - Finance Costs		
Interest on loan	1,038.33	338.28
Other finance charges	20.81	12.69
Derivative hedging cost	23.30	143.14
	1,082.44	494.11
Note 20 - Other expenses		
Rates & taxes	0.26	0.91
Insurance	18.16	15.92
Legal and Professional Charges	36.00	33.58
Expenditure toward Corporate Social responsibility	14.80	15.05
Auditors Remuneration	0.47	0.53
Other miscellaneous expenses	1.02	24.95
	70.71	**90.95**

Note 21 - Fair value measurements

Financial Instruments by category

₹ Millions

Significance of financial instruments

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Financial assets		
At amortised Cost		
Grant receivable from NHAI	349.11	1,134.44
Security Deposits	1.93	0.08
Interest accrued on fixed deposits	-	1.54
Insurance Claim receivables	8.50	25.27
Cash and Cash equivalent	149.56	440.16
Claims receivable from NHAI	6.50	6.50
At Fair value through profit & loss		
Mutual fund Investments	954.09	-
Total financial assets	**1,469.69**	**1,607.99**
Financial liabilities		
At amortised Cost		
Floating Rate Borrowings	15363.00	11464.37
Trade Payables	41.57	757.51
Retention money payable	39.76	3.25
Interest accrued but not due	3.28	1.51
Employee Benefits Payable	15.12	15.09
Creditors for capital expenditure	358.46	467.29
At Fair value through profit & loss		
Foreign currency forward exchange contracts	155.98	132.69
Total financial liabilities	**15977.17**	**12841.72**

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 22 - Fair value Hierarchy

(a) Fair value hierarchy - Recurring fair value measurements

₹ Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	954.09	-
Derivatives not designated as hedges		
Level 2		
Principal swap	-	-
Total financial assets	**954.09**	**-**
Financial liabilities		
Derivatives not designated as hedges		
Level 2		
Principal swap	155.98	132.69
Total financial liabilities	**155.98**	**132.69**

(b) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Financial assets		
Level 3		
Grant receivable from NHAI	349.11	1,134.44
Total financial assets	**349.11**	**1,134.44**
Financial liabilities		
Level 3		
Floating Rate Borrowings	15,363.00	11,464.37
Debentures	-	-
Retention money payable	39.76	3.25
NHAI Premium Payable	-	-
Total financial liabilities	**15,402.76**	**11,467.63**

Recognised fair value measurements

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for borrowings, debentures, Rerention money payable and hedging derivative included in level 3

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

• the use of quoted market prices or dealer quotes for similar instruments

• the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date

• the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(c) Fair value of financial assets and liabilities measured at amortised cost

₹ Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Financial assets		
Carrying value of financial assets at amortised cost		
Grant receivable from NHAI	349.11	1,134.44
Total Financial assets at amortised cost	**349.11**	**1,134.44**
Fair value of financial assets carried at amortised cost		
Grant receivable from NHAI	349.11	1,134.44
Total Fair value of financial assets at amortised cost	**349.11**	**1,134.44**
Financial liabilities		
Carrying value of financial liabilities at amortised cost		
Floating rate borrowigns	15,363.00	11,464.37
Debentures	-	-
Retention money	39.76	3.25
NHAI Premium Payable	-	-
	15,402.76	**11,467.63**
Fair value of financial liabilities carried at amortised cost		
Floating rate borrowigns	15,363.00	11,464.37
Debentures	-	-
Retention money	39.76	3.25
NHAI Premium Payable	-	-
	15,402.76	**11,467.63**

The carrying value amounts of fixed deposits, interest accrued on deposits, retention money receivable, insurance claim receivable, cash and cash equivalents,

trade payables, interest accrued, employee benefits payable and creditors for capital expenditure approximate their fair value due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 23 - Concession arrangements - Main features

₹ Millions

Name of entity	Description of the arrangement	Significant terms of the arrangement	Intangible Assets		Financial Asset
			Gross book value	Net book value	
DA Toll Road Private Limited	Financing, design, building and operation of 180 kilometre long six lane toll road between Delhi and Agra on National Highway 2	Period of concession: 2012 - 2038 Remuneration : Toll Investment grant from concession grantor : Yes Infrastructure return at the end of concession period : Yes Investment and renewal obligations : Nil Re-pricing dates : Yearly Basis upon which re-pricing or re-negotiation is determined : Inflation Premium payable to grantor : Nil	**March 31, 2018** 17,930.29 **March 31, 2017** 17,930.29	**March 31, 2018** 16,752.12 **March 31, 2017** 17,538.41	**March 31, 2018** 349.11 **March 31, 2017** 1,134.44

Note 24 - Foreign currency exposure

a) Particulars of derivative Instruments

Amounts in USD in millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Principal only Swap	35.86	37.13
	35.86	37.13
No of instruments	4	4

No derivative instruments are acquired for speculation purpose.

b) Foreign currency exposures not hedged by derivative instrument or otherwise:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Borrowings (including interest accrued but not due) in USD in millions	11.77	12.88
Borrowings (including interest accrued but not due) in INR in millions	767.04	835.18
	767.04	**835.18**

Note 25 - Expenditure in Foreign Currency

Amounts Rs in millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on External Commercial Borrowings (ECB)	192.07	151.34
Agency fees on External Commercial Borrowings (ECB)	0.11	13.58
	192.17	164.93

Note 26 - Capitalisation of exchange differences on long term foreign currency monetary item

The Company has opted to defer / capitalize exchange differences arising on long-term foreign currency monetary item in accordance with para 46A of AS 11 of Previous GAAP. Ind AS 21 requires all exchange gain/losses arising on foreign currency monetary to be recognized under Statement of profit and loss. Company has availed option available under Ind AS 101 as per which it has it can continue the Indian GAAP policy for accounting of exchange gain/loss arising on account of translation of long term foreign currency item recognized before transition date i.e. March 31, 2015. However exchange gain / loss arising on any new long-term foreign currency monetary item recognized after the transition date i.e. March 31, 2015 would be recognized to statement of profit and loss as required under Ind AS 21.

Note 27 - Taxation

27(a) Income tax expense

₹ Millions

		March 31, 2018	March 31, 2017
(a) Income tax expense			
Current tax			
Current tax on profits for the year		1.00	13.60
Adjustments for current tax of prior periods		-	-
Total current tax expense	**(A)**	1.00	13.60
Deferred tax			
Decrease/(increase) in deferred tax assets		311.53	102.68
(Decrease)/increase in deferred tax liabilities		(280.45)	(196.88)
Total deferred tax expense/(benefit)	**(B)**	31.08	(94.20)
Income tax expense	**(A + B)**	32.08	(80.60)
Income tax expense is attributable to:			
Profit from continuing operations		-	-
Profit from discontinued operation		-	-

27 (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2018	March 31, 2017
Profit from continuing operations before income tax expense	23.89	46.70
Profit from discontinuing operation before income tax expense	-	-
Tax at the Indian tax rate of 34.944%/34.608%	8.35	16.16
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Disallowance U/s 43B	7.44	-
Deductions under chapter VI of the Income Tax Act	-	(13.84)
Income Tax under section 115 JB on the book profit	5.10	9.97
Deductions allowable under section 115JB	0.32	3.63
Other temporary differences	10.12	(103.85)
Effect on account of transition (1/5 of retained earnings)	(4.42)	2.12
Corporate social responsibility expenditure	5.17	5.21
Income tax expense charged to statement of Profit and Loss	32.08	(80.60)

27(c) Deferred tax (liability) / Asset

The balance comprises temporary differences attributable to :

₹ Millions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unused tax losses carried forward	22.44	-
Intangible assets		
Toll collection rights including IAUD	372.37	661.00
Other items		
Derivatives	-	45.92
Grant receivable from NHAI	(121.99)	(394.88)
Borrowings	(69.94)	(78.51)
Retention Money Payable	(0.00)	(10.07)
Retirement benefit obligation	7.44	6.86
Other items (On Investment in Mutual Fund)	(11.07)	-
Net deferred tax (liability)/asset	**199.25**	**230.33**

Note 28 – Financial risk management

The company activities exposes it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects on the financial performance of the group, derivative financial instruments, such as principal only swaps are entered to hedge certain foreign currency risk exposure. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments

This note explains the source of risk which the entity is exposed to and how the entity is manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Market risk — foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Actively Managed
Market risk — interest rate	Long-term borrowings at variable Rates	Sensitivity analysis	Actively Managed
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Company risk management is carried out by a project finance team and central treasury team (group treasury) under policies approved by board of directors. Group treasury identifies, evaluates and hedges financial risk in close co-operation with the group`s operating units. The Management of the Company provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk, use of derivative financial instrument and non-derivative financial instrument, and investments of excess liquidity.

Commodity risk:

The Company requires for implementation (construction, operation and maintenance) of the projects, such as cement, bitumen, steel and other construction materials. For which, the Company entered into fixed price contract with the EPC contractor and O&M Contractor so as to manage our exposure to price increases in raw materials. Hence, the sensitivity analysis is not required

Market risk — interest rate risk

The Bank loans follows floating rates with resets defined under agreements. While interest rate fluctuations carry a risk on financials, the Company earn toll income which is linked to WPI thus providing a natural hedge to the interest rate risk.

a) Interest rate risk exposure

₹ Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Variable Rate Borrowings	15,363.00	11,464.37
Fixed Rate Borrowings	-	-
Total	**15,363.00**	**11,464.37**

Sensitivity

Profit or loss is sensitive to higher/lower interest income from borrowings as a result of changes in interest rates.

Impact on profit/loss after tax	Year ended March 31, 2018	Year ended March 31, 2017
Interest rates (increase) by 1 basis points	(121.37)	(90.57)
Interest rates decrease by 1 basis points	121.37	90.57

Note 28 – Financial risk management

Currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company exposure to the risk of changes in foreign exchange rates relates to Company foreign currency loan i.e. External Commercial Borrowings (ECB). The Company has an aggregate of USD 50 million ECBs

Foreign currency risk exposure ₹ Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Financial liabilities		
Interest Accrued but not due on foreign borrowings	1.95	0.82
External commercial borrowings	3,102.15	3,242.50
Total	**3,104.10**	**3,243.32**

Sensitivity analysis:
The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company 's profit before tax is due to changes in the fair value of monetary liabilities. The Company has used exemption under Ind AS 101 for existing long term foreign currency non-monetary items. The Company continue to apply the policy adopted for treatment of exchange differences arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for items recognized on or before March 31, 2013 and hence, not considered in disclosure of foreign currency sensitivity. With all other variables held constant, the Company 's profit before tax is affected through the impact on change of foreign currency rate on interest accrued but not due on ECB loans, as follows

Sensitivity ₹ Millions

Impact on profit after tax	Year ended March 31, 2018	Year ended March 31, 2017
INR/USD closing exchange rate	65.18	64.85
INR/USD (increase) by 6%	(147.13)	(153.73)
INR/USD decrease by 6%	147.13	153.73

Note 28 – Financial risk management

Liquidity risk - Table

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt from banks at an optimized cost. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 60 days. The carrying amounts are assumed to be a reasonable approximation of fair value. The following table analyses financial liabilities by remaining contractual maturities.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Millions

As at March 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total
Non-derivatives						
Borrowings	16.29	237.47	540.11	2,675.96	12,093.32	15,563.16
Trade and other payables	10.39	31.18				41.57
Other financial liabilities	-	416.62	-	-	-	416.62
Total non-derivatives	**26.69**	**685.27**	**540.11**	**2,675.96**	**12,093.32**	16,021.35

As at March 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total
Non-derivatives						
Borrowings	-	94.21	409.28	2,134.19	9,053.52	11,691.20
Trade and other payables	189.38	568.13	-	-	-	757.51
Other financial liabilities	-	648.92	-	-	-	648.92
Total non-derivatives	**189.38**	**1,311.26**	**409.28**	**2,134.19**	**9,053.52**	13,097.63

Note 29 - Capital risk management

The Company objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company capital management, capital includes issued equity capital, share premium, sub-debts and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue interest free sub-ordinate debt. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company policy is to keep optimum gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

In order to achieve this overall objective, the Company capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital for year ended March 31, 2018 and March 31,2017.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt including total borrowings (net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The Company strategy is to maintain a debt to equity ratio within 1.86 to 2.00.The gearing ratios at March 31, 2018 and March 31, 2017 were as follows:

₹ Millions

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Net debt (a)	15,367.84	11,178.61
Equity (b)	8,320.48	8,328.67
Net debt to equity ratio (a) / (b)	1.85	1.34

₹ Millions

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Net debt (a)	15,367.84	11,178.61
Equity (b)	8,320.48	8,328.67
Nebt debt plus Equity (c = a+b)	23,688.32	19,507.28
Gearing ratio (a) / c	0.65	0.57

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 30- Gratuity and other post-employment benefit plans ₹ Millions

a) Defined contribution plan

The following amount recognized as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other
than the contribution payable to the respective authorities.

	Year ended March 31, 2018	As at 31st March, 2017
Contribution to provident fund and other funds	2.37	2.44
Total	2.37	2.44

a) Defined benefit plan

The Company Group has a defined benefit plan (Gratuity) for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act,
employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary
at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each
completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of Rs.1,000,000/-. The said gratuity plan is funded.

The following tables summaries the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Year ended March 31, 2018	As at 31st March, 2017
Opening defined benefit liability / (assets)	12.59	8.51
Net employee benefit expense recognised in the employee cost		
Current service cost	1.89	1.59
Past service cost	-	-
Interest cost on benefit obligation	0.87	0.65
(Gain) / losses on settlement	-	-
Net benefit expense	2.77	2.25
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
Actuarial loss / (gain) arising from change in financial assumptions	2.24	0.95
Actuarial loss / (gain) arising on account of demographic assumptions	-	-
Experience (gains)/losses	(0.03)	1.43
Amount recognized in OCI	2.20	2.38
Benefits payments from plan	(1.05)	- 0.55
Closing net defined benefit liability / (asset)	16.51	12.59

	Year ended March 31, 2018	As at 31st March, 2017
Opening fair value of plan assets	9.28	8.46
Net employee benefit expense recognised in the employee cost		
Interest cost / (income) on plan asset	0.66	0.67
(Gain) / losses on settlement	-	-
Net benefit expense	0.66	0.67
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the period due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	0.36	0.01
Actuarial loss / (gain) arising from change in financial assumptions	-	-
Actuarial loss / (gain) arising on account of demographic assumptions	-	-
Experience (gains)/losses	-	-
Asset ceiling not recognised as an asset	-	-
Amount recognized in OCI	0.36	0.01
Employer contributions/premiums paid	1.07	0.70
Benefits Paid	(1.05)	(0.55)
Closing fair value of plan assets	10.32	9.28

DA Toll Road Private Limited

Notes to Financial Statements as of and for the year ended March 31, 2018

Note 30- Gratuity and other post-employment benefit plans

₹ Millions

The net (liability)/asset disclosed above relates to funded plan is as follows:

	Year ended March 31, 2018	As at 31st March, 2017
Present value of funded obligations	16.51	12.59
Fair value of plan assets	10.32	9.28
Amount not recognised as an asset (asset ceiling)		
	6.20	3.31
Net liability is bifurcated as follows :		
Current	-	-
Non-current	6.20	3.31
Total	**6.20**	**3.31**
Discount rate	7.70%	7.05%
Expected rate of return on plan assets (p.a.)		
Salary escalation rate (p.a.)	9.75%	7.50%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative analysis for significant assumption is as shown below:

Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	-4.56%	-5.12%
Impact on defined benefit obligation -in % decrease	4.87%	5.51%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	4.75%	5.46%
Impact on defined benefit obligation -in % decrease	-4.50%	-5.12%

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

	Year ended March 31, 2018	As at 31st March, 2017
Within the next 12 months (next annual reporting period)	1.26	0.39
Between 2 and 5 years	3.73	2.28
Between 6 and 9 years	6.92	4.89
For and Beyond 10 years	26.16	22.47
Total expected payments	**38.07**	**30.03**
The average duration of the defined benefit plan obligation at the end of the reporting period	9.42 years	10.61 years

Plan Assets Composition

	Year ended March 31, 2018	As at 31st March, 2017
Non Quoted		
Insurer Managed Funds	10.32	9.28
	10.32	**9.28**

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 31 - Related Party Transactions

As per accounting standard Ind AS 23 as prescribed under the Companies (Accounting Standard) disclosed below :

Sponsor Company
Reliance Infrastructure Limited

Key Management Personnel
Kaushik Pal - Chief executive officer (w.e.f. October 1, 2015)
Madan Biyani - Chief financial officer (w.e.f. March 31, 2015)
Srilahta Gopal - Company Secretary
Person having significant influence on the Sponsor Company

Shri Anil .D. Ambani

Details of transactions and closing balance ₹ Millions

Particulars	March 31, 2018	March 31, 2017
Transactions during the year :		
Toll operation and maintainence expenses		
R Infra	54.00	48.80
Reimbursement of expenditure paid by		
R Infra	1.49	1.28
Sub-debts received (in nature of equity)		
R Infra	-	1,572.55
Inter-corporate deposit received during the year		
R Infra	-	39.90
Balances at the year end		
Inter-corporate deposit		
R Infra	154.40	154.40
Other current liabilities		
R Infra	-	50.70
Sub-debts (in nature of equity)		
R Infra	4,449.10	4,449.10
Equity share capital (excluding premium)		
R Infra	90.18	90.18

DA Toll Road Company Limited
Notes to Financial Statements

Note 32: Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

₹ Millions

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
Current			
Financial assets			
First charge			
Investments		954.09	-
Cash and cash equivalents	5a	149.56	440.16
Other Financial Assets	5b	366.04	1,167.83
Non-financial assets			
First charge			
Other Currnet Assets	7	121.96	120.55
Total current assets pledged as security		**1,591.65**	**1,728.54**
Non-current			
First charge			
Intangible assets	4	16,752.12	17,538.41
Intangible assets under development	4	5,901.46	1,596.19
Other Non Finaincial Assets	5c	-	-
Other Non Curmet Assets	6	-	222.45
Total non-current assets pledged as security		**22,653.58**	**19,357.05**
Total assets pledged as security		**24,245.23**	**21,085.59**

Note 33 - Earning Per Share

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit / Loss attributable to equity shareholders (Rs Millions) (A)	(6.99)	127.30
Weighted average number of equity shares for basic and diluted earnings per share (B)	9,018,000	9,018,000
Earnings / (Loss) per share (Basic and diluted) (Rupees) (A/B)	**(0.78)**	**14.12**
Nominal value of equity shares (Rupees)	10.00	10.00

Note 34 - Auditor Remuneration

₹ Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Audit Fees	0.24	0.36
Certification Fees	0.23	0.13
Out of pocket Expenses	0.01	0.04
	0.47	**0.53**

Note 35 - Capital Commitments

₹ Millions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Commitments Estimated value of capital contract remaining to be executed for construction of toll roads (net of advance)	3,051.60	6,454.05

Note 36 - Contingent liabilities

₹ Millions

Partiulars	As at 31st March, 2018
1. Claims against the company not acknowledged as debts and under litigation	
Service Tax Claims	96.27
2. Other Claims Differences in balances as per bank loan confirmations and books of accounts mainly on account of interest rate resetting are under reconciliation with the bankers. The company expect to settle these soon and do not anticipate any further liability on account of interest.	0.41

Note 37 - Consequent upon the de-monetisation of currency notes by Central government, toll collection had been suspended from November 9, 2016 to December 2, 2016 for which the company has raised claims on NHAI for reimbursement of the expenses incurred during this period as per the provisions of the Concession Agreement entered into between the company and NHAI read along with NHAI circular dated November 29,2016 and December 6, 2016 in this regard. Amount of Rs. 67.25 million claimed, being contractually enforceable and certain of recovery, has been recognised as Income. As at March 31, 2017, ₹ 6.50 millions was receivable and disclosed under Other Financials Assets – Current.

Note 38 – Events after reporting year

There are no subsequent event after the reporting period which required adjustments to the Financial Statements.

DA Toll Road Private Limited
Notes to Financial Statements as of and for the year ended March 31, 2018

Note 39 - Previous year figures have been regrouped and re-arranged wherever necessary to make them comparable to those for current period.

As per our attached report of even date

For TR Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. : 76650

Date: 21/04/2018
Place: Mumbai

For and on behalf of the Board

Kaushik Pal
Director
DIN:05237230

Madan Biyani
Director
DIN:07130371

Srilatha Gopal
Company Secretary

Date: 21/04/2018
Place: Mumbai